

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
ADAIR COUNTY WATER DISTRICT)

CASE NO. 95-451

O R D E R

On October 9, 1995, Adair County Water District ("Adair County") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068. Adair County purchases water from the city of Russell Springs ("Russell Springs") and the city of Columbia ("Columbia"), both of which are municipal utilities. According to Adair County's application, Columbia increased its wholesale rates effective October 1, 1995 and Russell Springs was to increase its wholesale rates effective November 1, 1995. The municipal utilities have not filed their revised rates with the Commission.

Pursuant to the Kentucky Supreme Court's decision in Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, which held that the Commission has jurisdiction over the wholesale rates and service of municipal utilities which provide utility service to any public utility, the Commission established

Administrative Case No. 351.¹ In this case, the Commission ordered that each municipal utility providing wholesale utility service to a public utility submit to the Commission a copy of its contract for such service and a schedule of its wholesale rates. The Commission also ordered that any municipal utility wishing to change or revise a contract or rate for wholesale utility service to a public utility file with the Commission, no later than 30 days prior to the effective date of the revision, the revised contract and rate schedule.

Consistent with the Commission's Order in Administrative Case No. 351 and KRS 278.160, contracts and rate schedules filed with the Commission shall control the rates and conditions of service of the parties. Changes to those currently on file with the Commission shall be made in accordance with KRS 278.180 and Commission Regulation 807 KAR 5:011. Until such changes are approved by the Commission, the old contracts and rate schedules remain in effect.

If Columbia and Russell Springs wish to change or revise a contract or rate for wholesale utility service to Adair County, they must file with the Commission no later than 30 days prior to the effective date of the revision, the revised contract and rate

¹ Administrative Case No. 351, Submission of Contracts and Rates of Municipal Utilities Providing Wholesale Utility Service to Public Utilities.

schedule. At the time the revised contract and rate schedule are filed with the Commission, Columbia and Russell Springs should publish notice of the proposed change in a newspaper of general circulation in Adair's service area. The notice should conform generally to the requirements of 807 KAR 5:001(10)(3). Until Columbia and Russell Springs so file, Adair County should not be granted a purchased water adjustment.

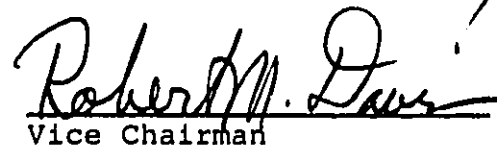
The Commission advises Adair County that a new application may be filed when any change in the wholesale rates of Columbia and Russell Springs takes effect. In lieu of filing a new application, Adair County may request by letter that the Commission reopen this case.

IT IS THEREFORE ORDERED that Adair County's application for a rate adjustment pursuant to KRS 278.015 and Commission Regulation 807 KAR 5:068 is denied without prejudice.

Done at Frankfort, Kentucky, this 6th day of November, 1995.

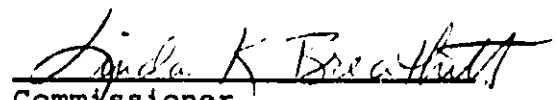
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner